



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

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Third District
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Fifth District

August 8, 2012

To: Supervisor Zev Yaroslavsky, Chair
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

LACERA INVESTMENT STATUS REPORT FOR 2011-12

On July 17, 2012, based upon a motion by Supervisor Antonovich, the Board instructed the Chief Executive Officer to report back on the status of the Los Angeles County Employees Retirement Association (LACERA) return on investments for Fiscal Year (FY) 2011-12.

LACERA's fiscal-year-to-date return on investments for the 12 months that ended June 30, 2012, was 0.10 percent versus FY 2010-11 return of 20.40 percent. Although the 0.10 percent return was below the pension fund's investment return actuarial assumption of 7.70 percent for the period, it was within 1.00 percent of the fund's policy benchmark return of 1.10 percent. The fund's policy benchmark return measures LACERA's performance against market asset allocation indexes. It is also important to note that over the last 20 years, LACERA's investment return has averaged 8.84 percent.

On October 12, 2011, LACERA's Board of Investments voted to gradually reduce LACERA's investment return assumption over a three year period from 7.75 percent to 7.70 percent beginning July 1, 2011, 7.60 percent beginning July 1, 2012, and 7.50 percent beginning in July 1, 2013.

"To Enrich Lives Through Effective And Caring Service"

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Since LACERA's investment policy calls for smoothing investment gains and losses over a five-year period, only one-fifth of the shortfall will be recognized in FY 2013-14. This shortfall will be combined with asset gains and losses from prior years and reflected in the expected future contributions. Each year after the LACERA fiscal year-end investment performance is determined; we work with LACERA to update the County's retirement forecast in order to project the future financial impact for the County's five-year financial forecast.

If you have any questions or need additional information, your staff may contact Sid Kikkawa at (213) 974-6872.

WTF:SK:JW
MM:TO:yjf

c: Executive Officer, Board of Supervisors
Gregg Rademacher, LACERA

2011-12 Investment Return.bm